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**PROPOSITION \_\_\_\_**  
**[I-17-2018]**

**Invest in Education Act**

**ANALYSIS BY LEGISLATIVE COUNCIL**

Beginning January 1, 2019, Proposition \_\_\_\_ would increase tax rates on taxable individual income (including pass-through income from typically small businesses such as sole proprietorships, partnerships, limited liability companies and subchapter S corporations) as follows:

1. For a single person or a married person filing separately making \$250,001-\$500,000, the rate increases by 76.2% from 4.54% to 8%.
2. For a single person or a married person filing separately making \$500,001 or more, the rate increases by 98.2% from 4.54% to 9%.
3. For a married couple or a single person who is a head of household, making \$500,001-\$1,000,000, the rate increases by 76.2% from 4.54% to 8%.
4. For a married couple or a single person who is a head of household, making \$1,000,001 or more, the rate increases by 98.2% from 4.54% to 9%.

Proposition \_\_\_\_ would also eliminate the annual tax bracket inflation adjustment, which currently lessens the effect of inflation on a person's tax liability by increasing each of the income tax bracket dollar amounts each year for inflation. The individual tax rates and brackets for all income levels up to \$250,000 would revert to those in effect on December 31, 2014 and continue without adjustment for the inflation that has taken place since that date. The new tax revenue generated by the elimination of the inflation adjustment would be deposited in the state general fund and available for general state government purposes.

The new revenue generated by the increased tax rates on income over \$250,000, less reasonable state agency implementation costs, would be placed in the classroom site fund, to be used as follows:

1. 60% for teacher base salary increases and employment-related expenses. (Proposition \_\_\_\_ would define "teacher" as any non-administrative personnel who teach students or support student academic achievement, as defined by the school district or charter school governing board, and includes nurses, counselors, social workers, psychologists, speech pathologists, librarians and academic interventionists.)

2. 40% for the maintenance and operation purposes allowable under current law (class size reduction, teacher compensation increases, assessment intervention programs, teacher development, dropout prevention programs, teacher liability insurance premiums) and for two new purposes: full day kindergarten and student support services personnel compensation increases. (Proposition \_\_\_\_ would define "student support services personnel" as any non-administrative personnel who provide student support and instructional services, as defined by the school district or charter school governing board, and includes student food services, student transportation and school site plant operations.)

Under Proposition \_\_\_\_, a school district governing board would be required to develop and adopt a plan for distributing all classroom site fund monies (including monies already generated from state trust lands and the dedicated school funding sales tax) each year. The school district governing board would be required to implement a process for teachers and student support services personnel to provide input on the distribution plan prior to the board adopting the plan at a public meeting.

The new revenue generated by the increased tax rates on income over \$250,000 could not replace or reduce other school district or charter school funding. The political committee supporting Proposition \_\_\_\_ would be authorized to defend the measure in any legal challenge regarding the validity of the measure.